

**Budget Oversight Committee
Fiscal Year 2005 Budget Report
August Status Report**

Exhibit 1

Recommendation	Current Status	Recommended Future Steps
Proposed Adjustments to the Three-Year Financial Strategic Plan		
1 Restore proposed reductions to youth library programming (Page 7)	Adopted by Council 9/7/04	No further action needed
2 Restore proposed day camps reductions (Page 7)	Adopted by Council 9/7/04	No further action needed
3 Remove proposed transfer of extended day care program to non-profits (Page 7)	Adopted by Council 9/7/04	No further action needed
4 Restore proposed reduction in tree trimming cycles (Page 7)	Adopted by Council 9/7/04	No further action needed
5 Explore public/private partnerships to offset reductions to Library Service's book, materials and supplies budget (Page 7)	Occidental Petroleum donated \$35,000 for library materials and resources, which may continue in future years. A Focus Group, which includes City Council-designated representatives, has explored funding alternatives for library services including corporate sponsorship, scholarships, grants and a per parcel assessment tax.	The exploration of a Library Parcel Tax to be evaluated by a consultant and considered by the City Council a part of a range of new revenue options.
6 Establish an aggressive book donation program to increase the City's inventory of best seller books (Page 7)	Seventy-one books have been received from the Read and Deed program, which is being promoted at City Council meetings and local bookstores. As a fundraiser to "Save Our Long Beach Libraries", Barnes and Noble donated \$245 or 15% of the sales made by customers who presented a library voucher with their purchases on April 14th, 3 pm - 10 pm. Ten new books were purchased for the Library.	
Proposed Offsets and Alternatives		
1 Increase revenue from police alarm permit fees (Page 8)	On August 2, 2005, City Council approved an increase in police false alarm fees. As a result, the General Fund will realize \$92,000 annually. The police alarm permit fee was determined to be adequate to recoup actual costs incurred.	

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2 Accelerate Code Enforcement revenue where possible from FY 06 into FY 05 (Page 8)	Staff is aggressively pursuing implementation of the realigned Code Enforcement program, which includes the creation of an Administrative Citation process. The Administrative Citation process, currently being tested in several target areas, will reduce the amount of work necessary to regulate compliance, and is expected to increase General Fund revenue as the process is fine-tuned and rolled-out citywide.	
3 Direct City Manager to increase parking revenues citywide through an analysis of rates for surface lots and garages, extension of parking hours for metered parking, optimization of parking enforcement and other methods of increased parking revenue (Page 8)	A citywide review of Parking Management has been initiated. An update is being provided to BOC at the August 9, 2005 meeting.	
4 Optimize Gang Prevention Functions (Page 9) - Freeze current vacancies in Gang Prevention to generate temporary salary savings - Conduct a comprehensive study of all youth-related services to identify areas for optimization, reduction of duplication, increased accountability and effective service delivery	City Council redirected a portion of the Gang Prevention funds into other recreation programs and services in the FY 05 Adopted Budget. Vacancies are being held through the hiring freeze. The project Study Development Team is currently developing the project's scope and time line, and is gathering relevant financial and performance data.	
5 Direct the City Manager to review the number and use of Public Information and Public Affairs Officers for optimization and potential savings (Page 9)	This optimization review will commence in early FY 06.	
6 Review the possibility of cost recovery for violations from California Code Sections 53151, 53154 and 53155 related to reimbursement for arrest time, property repairs, and other similar areas (Page 9)	Phase I of the fee study is complete and as a result, a range of new fees have been presented and approved by the City Council on August 2nd. Phase II is currently underway with updates being provided to the City Manager and City Council. Additional fee adjustments will be included with the FY 06 Proposed Budget.	

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Proposed Policy Recommendations		
1 Enhance the role of City Council in the contracting-out evaluation process (Page 10) - Include City Council in identifying Potential Contracting-Out Opportunities - Include City Council in identifying and verifying City Costs	During the current year, staff has increased focus on optimization prior to considering contracting. Potential contracting opportunities will be brought to the City Council for Methodology for identifying and verifying of contracting will be reviewed with the City Council.	
2 Recommend the City Manager focus greater attention on contracting-in and increasing revenue generation (Page 10)	Staff is diligently working on both. The City Manager's Office has taken the lead in a citywide effort to identify additional opportunities to contract-in services. Recently executed a contract with the LBUSD for radio maintenance. Phase I of the Fee Study has been completed and Phase II has been initiated.	
3 Create and fund an Infrastructure and Maintenance Reserve Account (Page 10)	Adopted by Council 9/7/04 - An initial reserve of \$200,000 was set up as part of the FY 05 Adopted Budget and was used to address damage caused by the winter storms. When available, funds will be considered for a deposit in this reserve on an ongoing basis.	No further action needed
4 Convene a working group of the community, staff, stakeholders, and other interested City Council members to review long-term issues facing the City and develop strategies to fund them (Page 10 & 11)	The BOC met during the months of March 2005 to June 2005 to review various long-term funding needs and possible revenue options for generating funding. The BOC and the City Council have directed staff to begin researching the community's support of revenue generating ballot initiatives to fund critical priorities. This will include polling and discussion with community groups.	
Review of New Revenue Options		
1 Convene a working group of the community, staff, stakeholders, and other interested City Council members to review long-term issues facing the City and develop strategies to fund them (Page 10 & 11)	Please see #4 above	

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2 Review and discuss data which demonstrates the reasons for Long Beach's fiscal crisis including information on population growth changes, reduction in revenues, increase in worker's compensation, reinstatement of PERS payments and other costs that affect the City's structural deficit (Page 11)	The initial draft of the 2005 Financial Trend Analysis report is complete and is currently under final review.	A completed report will be delivered to the BOC by early September.
3 Review and discuss data on the current measures being applied to eliminate projected structural deficits such as the Financial Strategies Plan, financial policies and budgeted reductions (Page 11)	Possible reductions were reviewed during the Budget Summit on July 9, 2005. The BOC has also received updates on current year reduction measures and optimization efforts during their regularly scheduled meetings.	
4 Review and discuss data pertaining to major long-term priorities that require additional funding that are not currently planned to be supported through the General Fund (Page 11)	For discussion with the Budget Oversight Committee. Topic examples include infrastructure and Public Safety needs.	
5 Discuss potential long-term funding strategies including: Fire Assessment District, Parking Lot Tax, and Library Special Tax or Assessment (Page 11)	Intense research and discussion concerning possible revenue options have been conducted during the last several months. A presentation to the City Council was given on June 21, 2005 where it was recommended that an outside consultant be brought in to perform further research and recommend future revenue-generating ballot initiatives. As a result of an RFP process, the City has made the consultant selection and is currently in the process of finalizing the agreement.	
6 Discussion and analysis of the Transient Occupancy Tax (TOT) (Page 12)	Please see #5 above	
7 Discussion and analysis of the Oil Production Tax (Page 12)	Please see #5 above	

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Recommendations for Future Consideration		
1 Continue further discussions of outstanding resident, employee and innovation team recommendations (Page 13)	<p>City Staff initiated the budget dialogue with presentations at over 40 community meetings, which culminated with the 3rd Annual Budget Summit. A total of 263 community comment cards were received, which gave the residents an opportunity to provide input. These community comments have been compiled and provided to the BOC. This list will also be provided to the entire City Council and will serve as a resource during budget deliberations. All employees that have submitted VIPs have been contacted and thanked for their submittal. A total of 67 ideas were identified and verified as implemented. In addition, an implementation Team has been convened to develop strategies to implement most of the ideas developed by the Employee Innovation Team. The goal is to complete the strategies by October 2005.</p>	
2 Review outstanding Redevelopment Agency loan repayments that could be accelerated (Page 13)	<p>A presentation from Community Development and Financial Management staff is scheduled for August 9, 2005.</p>	

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3 Consider acceleration of Fleet reductions planned for FY 06 into FY 05 (Page 13)	<p>The savings target for FY 05 and FY 06 Vehicle Elimination plan cuts were achieved in FY 05. \$1.6 million and over 220 vehicles were eliminated from the Citywide fleet. Henceforth, the City Manager-appointed Fleet Review Committee has adopted policies to ensure that all replacement purchases and future equipment needs are reviewed and approved for cost efficiency and effectiveness. Potential downsizing and elimination of equipment proposals are developed jointly by the user departments and the Fleet Services Bureau during the budget process.</p>	
4 Formulate policy and begin lobbying on the state and federal levels for transportation policy amendments that could include urban local streets, school bus traveled routes, and other initiatives (Page 13)	<p>The passage of the TEA-21 Reauthorization Bill will result in the City receiving \$140 million in funding for a number of transportation projects identified by the City as priority areas. However, the City did not obtain the amount of funding requested for or required for the I-710 Freeway or Vincent Thomas Bridge. Other projects included, but are not limited to, widen and realign Cherry Ave., Paramount Blvd. median and drainage improvements, Atherton Street landscape enhancement and Long Beach Park and Ride facility (downtown parking structure). The State has budgeted Proposition 42 funding for FY 06, making \$2.1 million available for local street repairs in Long Beach.</p>	
Recommended Actions		
1 Recommend the City Council adopt the Proposed Updated Three-Year Plan (Page 14)	Adopted by Council 9/7/04	No further action needed
2 Recommend the City Council support the creation of a rolling Financial Strategic Plan that will address FY 05, FY 06 and FY 07 (Page 14)	Adopted by Council 9/7/04	No further action needed

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3 Support the City Manager's proposed enhancements, which have been identified as core services, community priorities and/or as Mayor and City Council priorities (Page 14)	Adopted by Council 9/7/04	No further action needed
4 Support the fee increases and adjustments proposed by the City Manager, Board of Water Commissioners and BOC (Page 14)	Adopted by Council 9/7/04	No further action needed
5 Recommend that the CalPERS payment not be deferred (Page 14)	Adopted by Council 9/7/04	No further action needed
6 Concur with the Mayor's recommendation to evaluate areas such as fleet services, technology services, contract contingencies and consulting contracts, and various non-personal services expenses be explored for additional optimization opportunities (Page 14)	Adopted by Council 9/7/04	No further action needed
7 Concur with the Mayor's recommendation to support the development and/or enhancement of existing partnerships with the private and non-profit sectors to help augment support and/or funding for key services (Page 14)	Staff continues to pursue partnerships with the private and non-profit sectors to help augment support and/or funding for key services. As part of the City Manager's Proposed Budget, a Corporate sponsorship is being sought to cover the costs associated with the Municipal Band Concert Series.	
8 Concur with the City Manager's recommended reviews and optimization efforts for FY 05 including Youth Services, Information and Technology, Health Insurance, Parking Management, Billing and Collections, Ambulance Billing, Towing Operations, Payroll Services, Business License Processing and School Crossing Guards (Page 14)	Adopted by Council 9/7/04; Studies ongoing	No further action needed